

CITY OF OGALLALA, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Members of the City Council
City of Ogallala, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis of the City of Ogallala, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash and accrual bases of accounting described in Note A; this includes determining that the modified cash and accrual bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

SHAREHOLDERS

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis of the City of Ogallala, Nebraska, as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogallala, Nebraska's financial statements. The management's discussion and analysis and supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The management's discussion and analysis, budgetary comparison schedules, nonmajor governmental funds combining statements, statement of general fund departmental revenue and expenditures, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of the City of Ogallala, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ogallala, Nebraska's internal control over financial reporting and compliance.

Almgvist, Matthew
Galloway & Lutz, P.C.

Grand Island, Nebraska
November 18, 2015

**CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2015**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ogallala, we offer readers of the City of Ogallala financial statements this narrative overview and analysis of the financial activities of the City of Ogallala for the fiscal year ended September 30, 2015. For information on the Ogallala Community Redevelopment Authority component unit included in these financial statements, please see the separate audit report for the Authority.

Financial Highlights

- The assets of the City of Ogallala exceeded its liabilities at the close of the most recent fiscal year by \$15,874,425 (*net position*). Of this amount, \$5,017,671 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Ogallala's governmental funds reported combined ending net position of \$8,838,085. Approximately 19.7 percent of this total amount, \$1,739,924, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,230,955, or 29.7 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Ogallala's financial statements. The City of Ogallala's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ogallala's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Ogallala's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Ogallala is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Both of the government-wide financial statements distinguish functions of the City of Ogallala that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Ogallala include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Ogallala include the Water and Sewer Enterprise Funds.

The government-wide financial statements include not only the City of Ogallala itself (known as the *primary government*), but also the Ogallala Community Redevelopment Authority, for which the City of Ogallala is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ogallala, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ogallala can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Ogallala maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

The City of Ogallala adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, and Debt Service Funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds. The City of Ogallala maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Ogallala uses enterprise funds to account for its Water and Sewer Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Ogallala's various functions. The City of Ogallala uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, both of which are considered to be major funds of the City of Ogallala.

The proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-56 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the City of Ogallala's budgetary comparison schedules, nonmajor combining statements, and general fund revenue and expenses by department can be found on pages 57-62 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ogallala, assets exceeded liabilities by \$15,874,425 at the close of the most recent fiscal year.

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Summary Statements of Net Position

	2015	2014
Current and Other Assets	\$ 6,449,365	\$ 6,540,605
Capital Assets	20,024,566	17,649,725
Total Assets	26,473,931	24,190,330
Long-term Liabilities	7,405,927	6,281,474
Other Liabilities	3,193,579	2,610,067
Total Liabilities	10,599,506	8,891,541
Net Position:		
Net Investment in Capital Assets	9,613,880	9,295,508
Restricted	1,242,874	1,346,516
Unrestricted	5,017,671	4,656,765
Total Net Position	\$ 15,874,425	\$ 15,298,789

A large portion of the City of Ogallala's net position (60.6 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Ogallala uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Ogallala's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Ogallala's net position (7.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,017,671) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Ogallala is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 170,268	\$ 911,075	\$ 220,657	\$ 861,640
Public Safety	194,088	1,276,463	194,986	1,217,714
Public Works	64,165	926,099	637,042	945,046
Environment and Leisure	747,851	1,492,387	554,344	1,295,901
Hospital Debt Service	-	453,365	-	415,774
Interest on Long-term Debt	60,413	147,406	59,633	145,753
Depreciation	-	860,559	-	807,931
	<u>1,236,785</u>	<u>6,067,354</u>	<u>1,666,662</u>	<u>5,689,759</u>
Transfers to Other Funds	-	154,158	-	-
Total	<u>\$ 1,236,785</u>	<u>\$ 6,221,512</u>	<u>\$ 1,666,662</u>	<u>\$ 5,689,759</u>

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>			<u>Year Ended September 30, 2014</u>		
Charges for Services	\$ 738,006	11.97	%	\$ 914,082	14.10	%
Operating Grants and Contributions	489,894	7.95		332,379	5.13	
Capital Grants and Contributions	8,885	0.14		420,201	6.48	
Property Taxes	1,114,314	18.07		1,093,662	16.87	
Motor Vehicle Taxes	98,263	1.59		91,517	1.41	
Sales Tax	1,663,346	26.98		1,501,036	23.15	
Franchise Taxes	1,158,806	18.79		1,196,560	18.45	
State Allocation	719,883	11.68		755,547	11.65	
Keno	81,636	1.32		73,152	1.13	
Interest	3,505	0.06		2,368	0.04	
Gain on disposal of assets	33,500	0.54		42,899	0.66	
Other	55,848	0.91		60,336	0.93	
Total	<u>\$ 6,165,886</u>	<u>100.00</u>	<u>%</u>	<u>\$ 6,483,739</u>	<u>100.00</u>	<u>%</u>

Net position decreased \$55,626 in the governmental funds during the year ended September 30, 2015.

Business-type activities. Business-type activities increased the City of Ogallala's net position by \$631,262.

**CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 1,337,674	\$ 909,534	\$ 1,039,557	\$ 837,124
Sewer	701,125	649,106	768,249	549,711
Total	<u>\$ 2,038,799</u>	<u>\$ 1,558,640</u>	<u>\$ 1,807,806</u>	<u>\$ 1,386,835</u>

Revenues by Source - Business-type Activities

SOURCES OF REVENUE

	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 1,699,081	77.59 %	\$ 1,807,806	102.05 %
Capital Grants and Contributions	339,718	15.51	-	-
Loss on Disposal of Assets	(7,831)	(0.36)	(40,734)	(2.30)
Interest	4,776	0.22	4,408	0.25
Transfers from Other Funds	154,158	7.04	-	-
Total	<u>\$ 2,189,902</u>	<u>100.00 %</u>	<u>\$ 1,771,480</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

As noted earlier, the City of Ogallala used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Ogallala's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Ogallala's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ogallala's governmental funds reported combined ending fund balances of \$2,631,665. Approximately 46.8 percent of this total amount (\$1,230,955) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it is 1) restricted for Federal programs (\$146,007), 2) restricted to pay debt service (\$422,657), 3) restricted for street improvements (\$152,425), 4) nonspendable endowment to generate income to pay for the perpetual care of the municipal cemetery (\$124,525), 5) committed for community betterment (\$44,782), 6) assigned for budgetary stabilization (\$212,415), or 7) assigned for street expenses (\$297,899).

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

The General Fund is the chief operating fund of the City of Ogallala. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,230,955, while total fund balance reached \$1,651,515. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.7 percent of total General Fund expenditures, while total fund balance represents 39.8 percent of that same amount.

The fund balance of the City of Ogallala's General Fund decreased by \$95,172 during the current fiscal year. The fund balance of the Debt Service Fund decreased by \$217,354.

Proprietary funds. The City of Ogallala's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were as follows: Water Fund - \$1,533,211 and Sewer Fund - \$1,744,536. The net position for the proprietary funds changed as follows: Water Fund - increase of \$510,599 and Sewer Fund - increase of \$120,663. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Ogallala's business-type activities.

General Fund Budgetary Highlights

There was no difference between the original budget and the final adopted budget for the General and Street Funds. The Debt Service Fund budget was amended, increasing budgeted revenue and expenses by \$1,530,000 each for bond refinancing.

Capital Asset and Debt Administration

Capital Assets. The City of Ogallala's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$20,024,566 (net of accumulated depreciation). This investment in capital assets includes land, streets, building and system improvements, vehicles, equipment, and construction in progress.

Major capital asset events (individually greater than \$20,000) during the current fiscal year included the following:

- Asphalt recycler - \$91,300
- Street sweeper - \$163,735
- Five self-contained breathing apparatuses - \$25,160
- Beacon wind cone electrical vault - \$221,363
- Tennis court improvements - \$24,774
- East 9th Street paving - \$52,343
- Pony Express paving - \$306,174
- Second, B, and South A Street paving - \$1,414,815

CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015

- 2015 pickup for police - \$28,045
- Second Street water system improvements - \$51,931
- Water well 2009-1 - \$1,035,281
- Second Street sewer system improvements - \$36,661
- Four influent pump systems - \$125,345

City of Ogallala's Capital Assets
(net of depreciation)

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 335,031	\$ 222,552	\$ 557,583	\$ 335,031	\$ 222,552	\$ 557,583
Construction in progress	236,604	-	236,604	800,965	653,158	1,454,123
Infrastructure	7,941,997	-	7,941,997	5,943,298	-	5,943,298
Buildings and Improvements	2,455,613	-	2,455,613	2,616,595	-	2,616,595
Distribution Systems	-	6,961,626	6,961,626	-	5,584,249	5,584,249
Equipment	1,078,699	117,468	1,196,167	663,400	15,080	678,480
Vehicles	674,976	-	674,976	815,397	-	815,397
Total	\$ 12,722,920	\$ 7,301,646	\$ 20,024,566	\$ 11,174,686	\$ 6,475,039	\$ 17,649,725

Additional information on the City of Ogallala's capital assets can be found in Note C5 on pages 41-44 of this report.

Long-term debt. At the end of the current fiscal year, the City of Ogallala had the following long-term debt outstanding:

City of Ogallala's Outstanding Debt

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 5,459,880	\$ 550,120	\$ 6,010,000	\$ 4,255,002	\$ 559,998	\$ 4,815,000
Revenue Bonds	-	775,000	775,000	-	995,000	995,000
Notes Payable	1,010,493	2,615,193	3,625,686	1,137,795	1,406,422	2,544,217
Total	\$ 6,470,373	\$ 3,940,313	\$ 10,410,686	\$ 5,392,797	\$ 2,961,420	\$ 8,354,217

The City of Ogallala's total debt increased by \$2,056,469 (24.6 percent) due primarily to the issuance of \$1,530,000 of Series 2015 general obligation bonds and the issuance of \$1,860,000 of combined Street, Sewer, and Water Series 2015 Bond Anticipation Notes.

**CITY OF OGALLALA, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2015**

The City of Ogallala does not have a bond rating.

Additional information on the City of Ogallala's long-term debt can be found in Note C6 on pages 44-50 of this report.

Economic Factors and Next Year's Budgets and Rates

- The property tax asking for the year ending September 30, 2016, increased \$21,437 (2.1 percent). The General Fund tax asking increased \$21,437, while the Debt Service tax asking did not change.
- The City plans to increase water and sewer rates during the year ending September 30, 2016.
- At September 30, 2015, the City had contractual commitments of \$84,350 on demolition of the Progress School site and \$46,217 for asbestos abatement at the Progress School site.

Request for Information

This financial report is designed to provide a general overview of the City of Ogallala's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Ogallala, 411 East 2nd Street, Ogallala, NE 69153.

CITY OF OGALLALA, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,730,998	\$ 2,788,128	\$ 4,519,126	\$ 208,869
Certificates of deposit	3,800	-	3,800	-
County treasurer cash	52,387	-	52,387	12,734
Accounts receivable	-	195,801	195,801	-
Unbilled revenue	-	77,968	77,968	-
Current portion of TIF receivables	-	-	-	355,550
Due (to) from other funds	25,794	(25,794)	-	-
Prepaid expenses	-	1,527	1,527	-
Inventory	-	111,391	111,391	-
Total current assets	1,812,979	3,149,021	4,962,000	577,153
Noncurrent assets:				
Restricted cash	816,809	430,150	1,246,959	25,000
Note receivable	-	240,406	240,406	-
Noncurrent TIF receivables	-	-	-	3,771,800
Capital assets:				
Land	335,031	222,552	557,583	96,073
Construction in progress	236,604	-	236,604	-
Other capital assets, net of depreciation	12,151,285	7,079,094	19,230,379	-
Net capital assets	12,722,920	7,301,646	20,024,566	96,073
Total noncurrent assets	13,539,729	7,972,202	21,511,931	3,892,873
Total assets	15,352,708	11,121,223	26,473,931	4,470,026
LIABILITIES				
Current liabilities:				
Accounts payable	-	38,960	38,960	2,596
Accrued expenses	-	72,720	72,720	-
Claims incurred but not paid	44,250	-	44,250	-
Customer deposits	-	32,890	32,890	-
Current portion of long-term obligations	2,507,175	497,584	3,004,759	75,566
Total current liabilities	2,551,425	642,154	3,193,579	78,162
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	3,963,198	3,442,729	7,405,927	1,653,291
Total liabilities	6,514,623	4,084,883	10,599,506	1,731,453
NET POSITION				
Net investment in capital assets	6,252,547	3,361,333	9,613,880	96,073
Restricted for:				
Federal programs	146,007	-	146,007	-
Debt service	422,657	397,260	819,917	25,000
Street improvements	152,425	-	152,425	-
Cemetery perpetual care	124,525	-	124,525	-
Unrestricted	1,739,924	3,277,747	5,017,671	2,617,500
Total net position	\$ 8,838,085	\$ 7,036,340	\$ 15,874,425	\$ 2,738,573

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities			
(modified cash basis):			
General government	\$ 911,075	\$ 140,568	\$ 29,700
Public safety	1,276,463	163,615	30,473
Public works	926,099	59,030	-
Environment and leisure	1,492,387	374,793	369,308
Hospital debt service	453,365	-	-
Interest/fees on long-term debt	147,406	-	60,413
Depreciation - unallocated	860,559	-	-
Total governmental activities	<u>6,067,354</u>	<u>738,006</u>	<u>489,894</u>
Business-type activities			
(accrual basis):			
Water	909,534	997,956	-
Sewer	649,106	701,125	-
Total business-type activities	<u>1,558,640</u>	<u>1,699,081</u>	<u>-</u>
Total primary government	<u>\$ 7,625,994</u>	<u>\$ 2,437,087</u>	<u>\$ 489,894</u>
Component unit (accrual basis):			
Community Redevelopment Authority	<u>\$ 54,310</u>	<u>\$ -</u>	<u>\$ 923,947</u>

See notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
\$ -	\$ (740,807)		\$ (740,807)	
-	(1,082,375)		(1,082,375)	
5,135	(861,934)		(861,934)	
3,750	(744,536)		(744,536)	
-	(453,365)		(453,365)	
-	(86,993)		(86,993)	
-	(860,559)		(860,559)	
<u>8,885</u>	<u>(4,830,569)</u>	<u>\$ -</u>	<u>(4,830,569)</u>	
339,718	-	428,140	428,140	
-	-	52,019	52,019	
<u>339,718</u>	<u>-</u>	<u>480,159</u>	<u>480,159</u>	
<u>\$ 348,603</u>	<u>(4,830,569)</u>	<u>480,159</u>	<u>(4,350,410)</u>	
<u>\$ -</u>				<u>\$ 869,637</u>
General revenues:				
Taxes:				
Property	1,114,314	-	1,114,314	60,331
Motor vehicle	98,263	-	98,263	-
Sales tax	1,663,346	-	1,663,346	-
Franchise	1,158,806	-	1,158,806	-
State allocation	719,883	-	719,883	-
Keno	81,636	-	81,636	-
Interest income	3,505	4,776	8,281	654
Gain (loss) on sale of assets	33,500	(7,831)	25,669	(4,645)
Other	55,848	-	55,848	-
Interfund transfers	(154,158)	154,158	-	-
Total general revenues	<u>4,774,943</u>	<u>151,103</u>	<u>4,926,046</u>	<u>56,340</u>
Change in net position	(55,626)	631,262	575,636	925,977
Net position - September 30, 2014	<u>8,893,711</u>	<u>6,405,078</u>	<u>15,298,789</u>	<u>1,812,596</u>
Net position - September 30, 2015	<u>\$ 8,838,085</u>	<u>\$ 7,036,340</u>	<u>\$ 15,874,425</u>	<u>\$ 2,738,573</u>

CITY OF OGALLALA, NEBRASKA

**BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS**

September 30, 2015

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Eliminations</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,602,454	\$ 446,209	\$ 321,672	\$ 179,349	\$ -	\$ 2,549,684
Certificates of deposit	3,800	-	-	-	-	3,800
County treasurer cash	44,561	-	7,826	-	-	52,387
Due from other funds	3,218	4,115	24,680	-	(6,219)	25,794
	<u>3,218</u>	<u>4,115</u>	<u>24,680</u>	<u>-</u>	<u>(6,219)</u>	<u>25,794</u>
Total assets	<u>\$ 1,654,033</u>	<u>\$ 450,324</u>	<u>\$ 354,178</u>	<u>\$ 179,349</u>	<u>\$ (6,219)</u>	<u>\$ 2,631,665</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 2,518	\$ -	\$ 3,701	\$ -	\$ (6,219)	\$ -
Fund balances:						
Nonspendable:						
Cemetery perpetual care	124,525	-	-	-	-	124,525
Restricted for:						
Debt service	-	-	350,477	72,180	-	422,657
Federal programs	38,838	-	-	107,169	-	146,007
Street improvements	-	152,425	-	-	-	152,425
Committed for:						
Community betterment	44,782	-	-	-	-	44,782
Assigned for:						
Budgetary stabilization	212,415	-	-	-	-	212,415
Street expenses	-	297,899	-	-	-	297,899
Unassigned	1,230,955	-	-	-	-	1,230,955
	<u>1,230,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230,955</u>
Total fund balances	<u>1,651,515</u>	<u>450,324</u>	<u>350,477</u>	<u>179,349</u>	<u>-</u>	<u>2,631,665</u>
Total liabilities and fund balances	<u>\$ 1,654,033</u>	<u>\$ 450,324</u>	<u>\$ 354,178</u>	<u>\$ 179,349</u>	<u>\$ (6,219)</u>	<u>\$ 2,631,665</u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2015

Total fund balances - governmental funds		\$ 2,631,665
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$26,442,096, and the accumulated depreciation is \$13,719,176.		12,722,920
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(46,127)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	\$ (5,459,880)	
Notes payable	<u>(1,010,493)</u>	<u>(6,470,373)</u>
Total net position - governmental activities		<u><u>\$ 8,838,085</u></u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

For the year ended September 30, 2015

	General <u>Fund</u>	Street <u>Fund</u>	Debt Service <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES					
Taxes:					
Property	\$ 904,960	\$ 2,218	\$ 195,628	\$ 11,508	\$ 1,114,314
Motor vehicle	-	98,263	-	-	98,263
Sales tax	1,039,300	144,137	-	479,909	1,663,346
Franchise	1,004,754	141,517	-	12,535	1,158,806
Intergovernmental	160,276	623,224	60,413	1,192	845,105
Grants	209,513	-	-	126,939	336,452
Charges for services	671,400	23,834	-	42,772	738,006
Keno receipts	81,636	-	-	-	81,636
Contributions	17,065	-	-	-	17,065
Interest income	2,913	-	385	-	3,298
Sale of assets	29,000	4,500	-	500	34,000
Bond proceeds	131,739	1,817,624	2,356,076	-	4,305,439
Other	43,163	1,177	-	654	44,994
Total revenues	<u>4,295,719</u>	<u>2,856,494</u>	<u>2,612,502</u>	<u>676,009</u>	<u>10,440,724</u>
EXPENDITURES					
General government	865,404	-	363	7,683	873,450
Public safety	1,222,465	-	-	-	1,222,465
Public works	140,704	760,098	-	-	900,802
Environment and leisure	1,248,211	-	-	208,794	1,457,005
Capital outlay	323,443	2,054,957	-	-	2,378,400
Principal payments on debt	328,475	96,461	2,802,927	-	3,227,863
Interest on long-term debt	22,189	12,809	81,425	-	116,423
Bond fees	-	2,453	30,983	-	33,436
Other - Hospital debt service	-	-	-	453,365	453,365
Total expenditures	<u>4,150,891</u>	<u>2,926,778</u>	<u>2,915,698</u>	<u>669,842</u>	<u>10,663,209</u>
Excess (deficiency) of revenues over expenditures	144,828	(70,284)	(303,196)	6,167	(222,485)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	<u>(240,000)</u>	<u>-</u>	<u>85,842</u>	<u>-</u>	<u>(154,158)</u>
Net change in fund balances	(95,172)	(70,284)	(217,354)	6,167	(376,643)
Fund balances - September 30, 2014	<u>1,746,687</u>	<u>520,608</u>	<u>567,831</u>	<u>173,182</u>	<u>3,008,308</u>
Fund balances - September 30, 2015	<u>\$ 1,651,515</u>	<u>\$ 450,324</u>	<u>\$ 350,477</u>	<u>\$ 179,349</u>	<u>\$ 2,631,665</u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended September 30, 2015

Total net change in fund balances - governmental funds	\$ (376,643)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$2,378,400) and capital assets funded directly by contributions (\$30,393) were exceeded by depreciation expense (\$860,559) during the period.	1,548,234
Bond and loan proceeds are reported as revenue in the governmental funds, but the issuance of bonds increases long-term liabilities in the statement of net position.	(4,305,439)
Repayments of bond and loan principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	3,227,863
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	<u>(149,641)</u>
Change in net position of governmental activities	<u><u>\$ (55,626)</u></u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2015

	Enterprise Funds			Governmental Activities - Internal Service
	Water Fund	Sewer Fund	Total	Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,103,431	\$ 1,684,697	\$ 2,788,128	\$ (1,877)
Accounts receivable	118,284	77,517	195,801	-
Unbilled revenue	49,395	28,573	77,968	-
Due from other funds	-	95	95	-
Prepaid expenses	880	647	1,527	-
Inventory	111,391	-	111,391	-
Total current assets	1,383,381	1,791,529	3,174,910	(1,877)
Noncurrent assets:				
Restricted cash	430,150	-	430,150	-
Note receivable	240,406	-	240,406	-
Capital assets:				
Land	136,185	86,367	222,552	-
Distribution and collection systems	9,261,539	12,284,945	21,546,484	-
Equipment	328,193	283,214	611,407	-
Less accumulated depreciation	(5,904,488)	(9,174,309)	(15,078,797)	-
Net capital assets	3,821,429	3,480,217	7,301,646	-
Total noncurrent assets	4,491,985	3,480,217	7,972,202	-
Total assets	5,875,366	5,271,746	11,147,112	(1,877)
LIABILITIES				
Current liabilities:				
Accounts payable	18,648	20,312	38,960	-
Due to other funds	17,190	8,699	25,889	-
Accrued payroll and vacation	28,940	7,208	36,148	-
Accrued interest	15,352	10,774	26,126	-
Sales tax payable	10,446	-	10,446	-
Claims incurred but not paid	-	-	-	44,250
Customer deposits	32,890	-	32,890	-
Current portion of long-term obligations	244,122	253,462	497,584	-
Total current liabilities	367,588	300,455	668,043	44,250
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	2,240,678	1,202,051	3,442,729	-
Total liabilities	2,608,266	1,502,506	4,110,772	44,250
NET POSITION				
Net investment in capital assets	1,336,629	2,024,704	3,361,333	-
Restricted for debt service	397,260	-	397,260	-
Unrestricted	1,533,211	1,744,536	3,277,747	(46,127)
Total net position	\$ 3,267,100	\$ 3,769,240	\$ 7,036,340	\$ (46,127)

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the year ended September 30, 2015

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Total	
Operating revenues:				
Sales to customers	\$ 932,828	\$ 700,454	\$ 1,633,282	\$ -
Tap fees	12,208	-	12,208	-
Health insurance premiums	-	-	-	438,147
Other revenue	52,920	671	53,591	48,487
Total operating revenues	<u>997,956</u>	<u>701,125</u>	<u>1,699,081</u>	<u>486,634</u>
Operating expenses:				
Salaries and benefits	231,389	160,257	391,646	-
Insurance and bonds	17,500	22,159	39,659	-
Utilities and telephone	108,802	92,532	201,334	-
Repairs and maintenance	46,653	109,234	155,887	-
Contracted services	68,645	45,664	114,309	-
Gas and oil	8,170	2,204	10,374	-
Supplies	58,013	13,508	71,521	-
Professional fees	4,952	14,433	19,385	-
Bad debt expense	249	-	249	-
Miscellaneous	16,735	6,672	23,407	8,323
Depreciation	312,719	126,423	439,142	-
Insurance claims and health premiums	-	-	-	628,160
Total operating expenses	<u>873,827</u>	<u>593,086</u>	<u>1,466,913</u>	<u>636,483</u>
Operating income (loss)	124,129	108,039	232,168	(149,849)
Nonoperating revenues (expenses):				
Interest income	2,064	2,712	4,776	208
Grant income	339,718	-	339,718	-
Loss on disposal of assets	(7,831)	-	(7,831)	-
DEQ loan fees	-	(14,599)	(14,599)	-
Interest expense	(35,707)	(41,421)	(77,128)	-
Total nonoperating revenues (expenses)	<u>298,244</u>	<u>(53,308)</u>	<u>244,936</u>	<u>208</u>
Net income (loss) before transfers	422,373	54,731	477,104	(149,641)
Interfund transfers:				
Transfers from other funds	88,226	65,932	154,158	-
Change in net position	510,599	120,663	631,262	(149,641)
Net position - September 30, 2014	<u>2,756,501</u>	<u>3,648,577</u>	<u>6,405,078</u>	<u>103,514</u>
Net position - September 30, 2015	<u>\$ 3,267,100</u>	<u>\$ 3,769,240</u>	<u>\$ 7,036,340</u>	<u>\$ (46,127)</u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the year ended September 30, 2015

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 984,794	\$ 701,082	\$ 1,685,876	\$ -
Receipts from employees and other funds	-	-	-	486,634
Payments to suppliers	(335,555)	(297,347)	(632,902)	(623,483)
Payments to employees	(227,977)	(159,538)	(387,515)	-
Net cash provided (used) by operating activities	421,262	244,197	665,459	(136,849)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund transfers	88,226	65,932	154,158	-
Increase in due from/to other funds	10,899	9,105	20,004	-
Net cash provided by noncapital financing activities	99,125	75,037	174,162	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of property and equipment	(1,483,661)	(173,262)	(1,656,923)	-
Grant proceeds	339,718	-	339,718	-
Proceeds from issuance of bonds/notes payable	1,632,242	91,196	1,723,438	-
Principal payments on capital debt	(521,007)	(223,538)	(744,545)	-
DEQ loan fees paid	-	(14,599)	(14,599)	-
Interest paid on capital debt	(28,727)	(42,716)	(71,443)	-
Net cash used by capital and related financing activities	(61,435)	(362,919)	(424,354)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Decrease in certificates of deposit	-	-	-	28,327
Decrease in restricted cash	101,717	-	101,717	-
Interest received	2,064	2,712	4,776	219
Net cash provided by investing activities	103,781	2,712	106,493	28,546
Increase (decrease) in cash and cash equivalents	562,733	(40,973)	521,760	(108,303)
Cash and cash equivalents - beginning of the year	540,698	1,725,670	2,266,368	106,426
Cash and cash equivalents - end of the year	\$ 1,103,431	\$ 1,684,697	\$ 2,788,128	\$ (1,877)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 124,129	\$ 108,039	\$ 232,168	\$ (149,849)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	312,719	126,423	439,142	-
Change in assets and liabilities:				
Accounts receivable and unbilled revenue	(13,420)	628	(12,792)	-
Prepaid expenses	-	1	1	-
Inventory	(9,214)	-	(9,214)	-
Accounts payable	3,378	8,387	11,765	-
Accrued expenses	3,412	719	4,131	-
Sales tax payable	408	-	408	-
Claims incurred but not paid	-	-	-	13,000
Customer deposits	(150)	-	(150)	-
Net cash provided (used) by operating activities	\$ 421,262	\$ 244,197	\$ 665,459	\$ (136,849)

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

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CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ogallala, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for governmental funds and the accrual basis for the proprietary funds and discretely presented component unit. The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

1. Financial Reporting Entity

The City of Ogallala, Nebraska, was incorporated in 1884. The City operates under a City Manager form of government with an elected legislative body, Council, composed of five members. The Council President is elected by the Council bi-annually and the five members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Council by the City Manager. Services provided to residents include public safety, highways and streets, parks, recreation, water and sanitary sewer systems, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Ogallala
Discretely Presented Component Unit:	Ogallala Community Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following is the discretely presented component unit:

**Brief Description of Activities
and Relationship to the City**

Ogallala Community
Redevelopment Authority

Created by the City of Ogallala, the CRA's purpose is to prevent and eliminate blighted areas in the City of Ogallala.

2. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the general long-term debt of the City other than debt-service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Governmental Funds, continued

Internal Service Funds

The Internal Service Funds account for activities that provide goods and services to other funds, departments, or agencies of the primary government and its component unit on a cost-reimbursement basis.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See above for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service Fund	See above for description.
Proprietary:	
Enterprise	
Water and Sewer	See above for description.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. **Basis of Presentation, continued**

Major and Nonmajor Funds, continued

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor:</i>	
Special Revenue:	
Hospital Community Improvement Fund	The Hospital Community Improvement Fund is a Special Revenue Fund that accounts for sales tax allocated to the hospital bond payments.
Action/RSVP Fund	The Action/RSVP Fund is a Special Revenue Fund that accounts for Federal grant money used for the RSVP program.
Public Transportation	The Public Transportation Fund is a Special Revenue Fund that accounts for Federal and State grant money used for the City's handibus.
Internal Service:	
Health Insurance	See above for description.

3. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b, below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. Measurement Focus and Basis of Accounting, continued

Measurement Focus, continued

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets.

Business-type activities and the discretely presented component unit are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded as revenue when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

All proprietary funds and the discretely presented component unit utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Certificates of Deposit

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and certificate of deposit disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Business-type activities report utility billings as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. The City has recorded a \$28,750 allowance for uncollectible accounts receivable.

Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Restricted Assets

Restricted assets include cash and certificates of deposit that are legally restricted as to their use. The primary restricted assets are related to debt service.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, property and equipment are accounted for as capital assets. The City has a \$1,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

Depreciation of governmental capital assets is recorded as an unallocated expense in the Statement of Activities. Depreciation for all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Infrastructure	25 years
Buildings and Improvements	15-50 years
Equipment	5-15 years
Vehicles	5-7 years
Distribution and Collection Systems	20-50 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. In the event of termination, an employee is paid for all unused accumulated vacation time. Accumulated vacation time is accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Government-wide Statements, continued

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

Assigned—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one and one-half cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. One cent of the sales tax is recorded in various governmental funds and used for budgeted appropriations. One-half cent of the sales tax is used for payments on the Hospital bonds.

Property Taxes

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Keith County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2014-2015 are recorded as revenue when received by the County.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

1. Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include Special Revenue and Debt Service Funds.

2. Deposit Laws and Regulations

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any interest-bearing deposits in excess of the FDIC limits are supposed to be insured by collateral held by the pledging institution in the City's name.

3. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

4. Debt Restrictions and Covenants

Bonds Payable

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are financial-related. These include covenants such as debt service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

5. Budgetary Data

The City is required by state laws to adopt annual budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditure and/or tax levy limitations.

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

5. Budgetary Data, continued

- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Ogallala adopts a budget by appropriations ordinance for all funds.

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the financial statements for the City's various assets, liabilities, equity, revenues, and expenditures/expenses.

1. Cash and Certificates of Deposit

Deposits

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2015. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name; or collateralized with no written or approved collateral agreement.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

1. Cash and Certificates of Deposit, continued

Deposits, continued

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 6,341,184	\$ 2,656,472	\$ 3,684,712	\$ -	\$ <u>6,003,754</u>
Reconciliation to Government-wide Statement of Net Position:					
Primary Government –					
Unrestricted cash and cash equivalents					\$ 4,519,126
Unrestricted certificates of deposit					3,800
Restricted cash and cash equivalents					<u>1,246,959</u>
Total primary government					5,769,885
Component Unit –					
Unrestricted cash and cash equivalents					208,869
Restricted cash and cash equivalents					<u>25,000</u>
Total component unit					<u>233,869</u>
Total					\$ <u>6,003,754</u>

2. Restricted Assets

The restricted assets as of September 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
Type of Restricted Assets:				
Cash	\$ <u>816,809</u>	\$ <u>430,150</u>	\$ <u>1,246,959</u>	\$ <u>25,000</u>

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

2. Restricted Assets, continued

The General Fund has \$124,525 of cash restricted for cemetery perpetual care and \$38,838 of cash restricted for federal programs. The Street Fund has \$152,425 of cash restricted for street improvements. The Debt Service Fund has \$321,672 of cash and the Hospital Community Improvement Fund has \$72,180 of cash restricted for debt service. The Action/RSVP Fund has \$16,888 of cash and the Public Transportation Fund has \$90,281 of cash restricted for federal programs.

The Water Fund has set aside a reserve of \$32,890 for customer utility deposits.

The 2011 Water Revenue Refunding Bond calls for a bond and interest reserve of \$145,000, an improvement reserve of \$145,000, and a bond sinking reserve with a September 30, 2015, required balance of \$107,260. At September 30, 2015, the City had funded all of the required \$397,260 bond reserves.

The component unit has \$25,000 of cash pledged on a City Highway Allocation bond issue.

3. TIF Receivables and Payables

The Ogallala Community Redevelopment Authority has undertaken a program for the redevelopment of blighted areas in the City. Under the program, various projects agree to create a minimum taxable valuation for real estate tax assessment purposes. The CRA receives the incremental real estate taxes paid by the projects and then returns a portion of the tax incremental financing (TIF) funds to the projects. Estimated future receivables and payables under TIF agreements were as follows as of September 30, 2015:

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

3. TIF Receivables and Payables, continued

	<u>TIF</u> <u>Receivable</u>	<u>TIF</u> <u>Payable</u>
<u>Central/South Redevelopment Area:</u>		
Kennedy Hospitality	\$ 528,000	\$ 171,361
Godfathers	57,600	-
21 st Century	406,900	131,761
Stewardship, Ltd.	2,650	2,385
Pharmacy Property (Buenz Drug)	44,400	-
US Recycling	61,000	-
RIKNIK Inc	117,000	-
Stauffer	214,200	-
Ogallala DNP VIII	179,200	-
Walmart	1,702,500	1,098,744
 <u>Northern Redevelopment Area:</u>		
Tri-State	263,900	237,510
England	40,300	-
Western Resource Group	103,500	-
Yada, Inc.	7,500	(58)
Great West Townhomes	158,200	87,154
Hinze Oral Surgery	149,100	-
 <u>Eastern Redevelopment Area:</u>		
KCHDC Modular Home #1	1,400	-
KCHDC Modular Home #2	2,400	-
Oak Ridge Apartments	87,600	-
	<u>\$ 4,127,350</u>	<u>\$ 1,728,857</u>
 Current portion	 \$ 355,550	 \$ 75,566
Noncurrent portion	<u>3,771,800</u>	<u>1,653,291</u>
Total	<u>\$ 4,127,350</u>	<u>\$ 1,728,857</u>

4. Note Receivable

On August 12, 2002, the City entered into an installment sale of real estate with Keith County Area Development, Inc. (KCAD). Under terms of the promissory note, principal is due immediately when any lots are sold by KCAD. The entire balance of the note is due upon the earlier of the sale of the last of the lots or on August 12, 2022. The note is non-interest-bearing until maturity, whether by acceleration or otherwise, after which it shall bear interest of eight percent. The note is secured by the related real estate and had a balance of \$240,406 at September 30, 2015.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 335,031	\$ -	\$ -	\$ -	\$ 335,031
Construction in progress	800,965	24,725	-	(589,086)	236,604
Total capital assets not being depreciated	1,135,996	24,725	-	(589,086)	571,635
Other capital assets being depreciated:					
Infrastructure	9,795,035	1,806,505	-	589,086	12,190,626
Buildings and improvements	7,565,768	-	-	-	7,565,768
Equipment	3,488,619	549,518	(25,385)	-	4,012,752
Vehicles	2,281,311	28,045	(208,041)	-	2,101,315
Total other capital assets at historical cost	23,130,733	2,384,068	(233,426)	589,086	25,870,461
Less accumulated depreciation for:					
Infrastructure	(3,851,737)	(396,892)	-	-	(4,248,629)
Buildings and improvements	(4,949,173)	(160,982)	-	-	(5,110,155)
Equipment	(2,825,219)	(134,219)	25,385	-	(2,934,053)
Vehicles	(1,465,914)	(168,466)	208,041	-	(1,426,339)
Total accumulated depreciation	(13,092,043)	(860,559) *	233,426	-	(13,719,176)
Other capital assets, net	10,038,690	1,523,509	-	589,086	12,151,285
Governmental activities capital assets, net	<u>\$ 11,174,686</u>	<u>\$ 1,548,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,722,920</u>

* Depreciation expense was incurred by the following governmental activities:

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration	\$ 17,398
Community development	11,642
Planning	<u>3,094</u>
Total general government	32,134

Public safety:

Fire	92,267
Ambulance	28,756
Police	<u>35,236</u>
Total public safety	156,259

Public works:

Cemetery	11,680
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Environment and leisure:

Airport	129,414
Library	5,491
Park	45,295
Recreation center	43,492
Pool	<u>5,934</u>
Total environment and leisure	<u>229,626</u>

Total General Fund	429,699
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Special Revenue Funds:

Street	416,253
RSVP	235
Public transportation	<u>14,372</u>
Total Special Revenue Funds	<u>430,860</u>

Total Governmental Activities Depreciation Expense	\$ <u>860,559</u>
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Construction in progress at September 30, 2015 consists of \$236,604 of engineering fees and construction costs paid on the 5th Street project. There were no contractual commitments in place on this project as of September 30, 2015.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Assets, continued

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2015</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 222,552	\$ -	\$ -	\$ -	\$ 222,552
Construction in progress	653,158	-	-	(653,158)	-
Total capital assets not being depreciated	875,710	-	-	(653,158)	222,552
Other capital assets being depreciated:					
Distribution and collection systems	19,838,816	1,148,235	(93,725)	653,158	21,546,484
Equipment	489,807	125,345	(3,745)	-	611,407
Total other capital assets at historical cost	20,328,623	1,273,580	(97,470)	653,158	22,157,891
Less accumulated depreciation for:					
Distribution and collection systems	(14,254,567)	(416,435)	86,144	-	(14,584,858)
Equipment	(474,727)	(22,707)	3,495	-	(493,939)
Total accumulated depreciation	(14,729,294)	(439,142) *	89,639	-	(15,078,797)
Other capital assets, net	5,599,329	834,438	(7,831)	653,158	7,079,094
Business-type capital assets, net	<u>\$ 6,475,039</u>	<u>\$ 834,438</u>	<u>\$ (7,831)</u>	<u>\$ -</u>	<u>\$ 7,301,646</u>

* Depreciation expense was charged to functions as follows:

Water	\$ 312,719
Sewer	<u>126,423</u>
Total Business-type Activities Depreciation Expense	<u>\$ 439,142</u>

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Assets, continued

	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2015</u>
<u>Discretely Presented Component Unit:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	\$ <u>77,470</u>	\$ <u>60,678</u>	\$ <u>(42,075)</u>	\$ <u>96,073</u>

6. Long-term Debt

The reporting entity's long-term debt is segregated among the amounts to be repaid from governmental activities, business-type activities, and the discretely presented component unit.

Changes in Long-term Debt:

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

<u>Type of Debt</u>	Balance at October 1, <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2015</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 5,392,797</u>	<u>\$ 4,305,439</u>	<u>\$ (3,227,863)</u>	<u>\$ 6,470,373</u>	<u>\$ 2,507,175</u>
Business-type Activities:					
Bond and note payables	<u>\$ 2,961,420</u>	<u>\$ 1,723,437</u>	<u>\$ (744,544)</u>	<u>\$ 3,940,313</u>	<u>\$ 497,584</u>
Discretely Presented Component Unit:					
TIF payables (see Note C3 for details)	<u>\$ 736,176</u>	<u>\$ 1,077,219</u>	<u>\$ (84,538)</u>	<u>\$ 1,728,857</u>	<u>\$ 75,566</u>

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Governmental Activities:

As of September 30, 2015, the governmental long-term liabilities consisted of the following:

Bonds and notes payable:

The City issued \$915,000 of refunding street improvement bonds on September 28, 2011, to refinance the 2006 street improvement bonds (15 percent of these bond proceeds were for the Water Fund and 15 percent were for the Sewer Fund.) The bonds bear interest ranging from 0.45 percent to 3.50 percent and are payable over 15 years with the final principal payment due September 15, 2026. \$ 504,000

The City issued general obligation various purpose bonds in the amount of \$1,530,000 on June 2, 2015, to refinance \$620,000 of Series 2010 street improvement bonds and retire the 2014 bond anticipation notes. The bonds bear interest ranging from 0.3 percent to 3.1 percent and are payable over 16 years with the final principal payment due December 15, 2030. 1,530,000

The City issued \$250,000 of highway allocation bonds on February 27, 2013, to fund street improvement projects. The bonds bear interest ranging from 1.40 percent to 3.75 percent and are payable over 11 years with the final principal payment due December 15, 2024. The Ogallala Community Redevelopment Authority has pledged to make these bond payments. 210,000

The City issued \$1,860,000 of Series 2015 bond anticipation notes on November 18, 2014, to fund street, water and sewer improvements. (The Street Fund received \$1,672,624 of the proceeds.) The BAN's bear interest of 0.45 percent payable semi-annually. The BAN's mature on November 15, 2015. 1,672,624

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Governmental Activities, continued:

Bonds and notes payable, continued:

The City issued \$725,000 of general obligation refunding bonds on December 17, 2013, to refinance the 2008 various purpose bonds. The bonds bear interest ranging from 0.4 percent to 2.85 percent and are payable over 15 years with the final principal payment due December 1, 2023. 665,000

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the Street Fund receiving \$826,076 of the bond proceeds). The bonds bear interest ranging from 0.45 percent to 2.6 percent and are payable over 10 years with the final principal payment due September 15, 2024. 684,151

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the General Fund (airport department) receiving \$131,739 of the bond proceeds). The bonds bear interest ranging from 0.45 percent to 2.6 percent and are payable over 10 years with the final principal payment due September 15, 2024. 109,106

On September 21, 2010, the City issued \$400,000 of public safety tax anticipation bonds to fund the purchase of a new fire truck. The bonds bear interest ranging from 0.75 percent to 1.85 percent and are payable over five years with the final principal payment due December 15, 2015. 85,000

On July 14, 2009, the City issued a \$247,294 note payable to the Nebraska Department of Aeronautics. This Hangar Revolving Loan is due in monthly payments of \$2,060 for nine years, through December 2019. The loan bears no interest and is unsecured. 105,060

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Governmental Activities, continued:

Bonds and notes payable, continued:

On May 15, 2015, the City issued a \$145,000 lease purchase agreement with First National Capital Markets Public Finance to fund the purchase of a street sweeper. The lease is due in five annual principal installments of \$29,000 plus interest commencing October 15, 2015 through October 15, 2019. The lease bears interest of 1.15 percent. 116,000

On May 20, 2011, the City issued a \$300,000 note payable to Pinnacle Bank to fund the Goodall Recreation Center expansion. The note is due in four annual payments of \$36,726 commencing June 15, 2012, with a final balloon payment of \$201,129 due June 15, 2016. The note bears interest of 3.75 percent. 193,293

On August 27, 2014 the City entered into a \$555,000 lease purchase agreement with BOK Financial to finance various equipment purchases. The note bears interest of 2.50 percent, with principal payments due September 15, 2015 through 2018. 420,000

On August 11, 2005, the City issued a \$425,000 note payable to Wells Fargo for the construction of a street shop building. The note is due in 15 annual payments of \$40,504 commencing August 11, 2006, through August 11, 2020. The note bears interest of 4.84 percent. 176,139

Total bonds and notes payable \$ 6,470,373

Current portion \$ 2,507,175

Noncurrent portion 3,963,198

Total \$ 6,470,373

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Business-type Activities:

As of September 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

The City issued water revenue refunding bonds in the amount of \$1,450,000 on November 15, 2011, for the purpose of refinancing the Series 2005 and Series 2005B water bonds. Interest rates for the bonds range from 0.45 percent to 2.80 percent. These bonds are payable annually with semi-annual interest payments maturing in the year 2022. Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts. The bonds require the use of operations and maintenance, bond payment, debt service reserve, improvements, and surplus accounts. The bonds also require the City to maintain sufficient funds for the operation of the combined utilities and to maintain adequate net revenues. The City of Ogallala is in compliance with all significant requirements of the bond covenants.

\$ 775,000

The City issued \$915,000 of refunding street improvement bonds on September 28, 2011, to refinance the 2006 street improvement bonds (15 percent of these bond proceeds were for the Water Fund and 15 percent were for the Sewer Fund). The bonds bear interest ranging from 0.45 percent to 3.50 percent and are payable over 15 years with the final principal payment due September 15, 2026. (The Water and Sewer Funds each owe 50 percent of the balance shown).

216,000

CITY OF OGALLALA, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Business-type Activities, continued:

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the Water Fund receiving \$177,185 of the proceeds). The bonds bear interest ranging from 1.25 percent to 4.50 percent and are payable over 15 years with the final principal payment due September 15, 2024. 146,743

The City issued \$1,860,000 of Series 2015 bond anticipation notes on November 18, 2014, to fund street, water and sewer improvements. (The Water Fund received \$96,181 of the proceeds and the Sewer Fund received \$91,196 of the proceeds.) The BAN's bear interest of 0.3 percent payable semi-annually. The BAN's mature on June 15, 2015. 187,377

NDEQ note for a water project with total available principal of \$2,175,295. As of September 30, 2015, the City had drawn \$1,358,876 on this loan. The note is due semi-annually including interest and matures in 2035. Interest is 2.0 percent. 1,358,876

NDEQ note for a wastewater treatment plant project with original amount of \$422,832. The note is due semi-annually including interest and matures in 2031. Interest is at 2.0 percent. 368,989

NDEQ note for a wastewater treatment plant with original issue amount of \$2,397,400. The note is due semi-annually including interest and matures in 2021. Interest is at 3.23 percent. 887,328

Total business-type activity bonds and note payable \$ 3,940,313

Current portion \$ 497,584

Noncurrent portion 3,442,729

Total \$ 3,940,313

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

6. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2015, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	Bonds and Notes Payable		Bonds and Note Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Fees</u>
2016	\$2,507,175	\$ 90,747	\$ 497,584	\$ 58,320	\$ 12,179
2017	601,805	85,588	410,940	77,582	10,620
2018	620,367	76,242	421,092	68,420	9,012
2019	396,959	64,841	413,490	58,607	7,353
2020	343,789	57,783	412,399	48,371	5,644
2021-2025	1,340,778	186,756	1,267,404	118,777	12,501
2026-2030	559,500	59,582	468,008	22,089	5,743
2031-2035	100,000	3,100	49,396	1,228	614
	<u>\$6,470,373</u>	<u>\$624,639</u>	<u>\$3,940,313</u>	<u>\$453,394</u>	<u>\$63,666</u>

7. Interfund Transactions and Balances

At September 30, 2015, the Water Fund owed \$15,717 to the Debt Service Fund, the Sewer Fund owed \$6,445 to the Debt Service Fund, the General Fund owed \$2,518 to the Debt Service Fund, the Water Fund owed \$95 to the Sewer Fund, the Water Fund owed \$1,166 to the General Fund, the Sewer Fund owed \$2,052 to the General Fund, the Debt Service Fund owed \$3,701 to the Street Fund, the Water Fund owed \$212 to the Street Fund, and the Sewer Fund owed \$202 to the Street Fund. All of the interfund balances are expected to be repaid during the year ending September 30, 2016.

Also, during the year ended September 30, 2015, the General Fund transferred \$240,000 to the Debt Service Fund, and the Debt Service Fund transferred \$88,226 to the Water Fund and \$65,932 to the Sewer Fund.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES

1. Employee Pension Plans

The City of Ogallala has the following pension plans for all eligible employees:

General service employees participate in the Money Accumulated Pension Plan. To be eligible, an employee must be at least 21 years of age and have completed six months of service. Effective July 1, 1974, each eligible participant shall make a basic monthly contribution of 3.5 percent of his or her monthly compensation and the City shall contribute an equal 3.5 percent.

Firefighters and police officers participate in a defined contribution plan, restated January 1, 1984. Employees become eligible to participate in these plans when they have reached the age of 21 years. Eligible firefighters shall make a basic contribution of 6.5 percent of their monthly compensation and the City shall contribute 13 percent of compensation. Eligible police officers shall make basic contributions of 6.5 percent of their monthly compensation and the City shall contribute 6.5 percent.

Employees shall be fully vested in the employer contributions when they have completed 10 years of service.

The following information is provided for each plan for the year ended September 30, 2015:

	<u>General Service</u>	<u>Fire- Fighters</u>	<u>Police</u>
Total wages	\$ 2,070,860	\$ -	\$ 444,284
Covered wages	1,760,966	-	444,284
Employee contribution	61,634	-	28,620
City contribution	61,634	-	28,620
Voluntary employee contributions	17,087	-	-

Future contributions are not expected to increase materially for the fiscal year ending September 30, 2016.

The City also has a Volunteer Emergency Responders Plan, where participants become fully vested after seven years of service. This Plan is funded half by the City and half by the Rural Fire District.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

Employees of the City are covered by the City's medical insurance plan, which self-insures employees' deductible out-of-pocket expenses. The City is protected against catastrophic losses by stop-loss insurance coverage. Stop-loss coverage is in effect for claims exceeding \$12,500 per employee.

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2015, are held by banks in the name of the City. The City's investments consist only of certificates of deposit.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The certificate of deposit maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
January 2016	\$ <u>3,800</u>

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s investments consist of certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City’s investment portfolio.

Concentration of Credit Risk. The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2015, the City’s certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank and Trust	\$ <u>3,800</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2015.

3. Commitments and Contingencies

Construction/Capital Outlay

The City is a party to numerous contracts relating to capital outlay projects. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2018</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
Asbestos abatement at Progress School site	\$ 46,217	\$ -	\$ 46,217	November 2015
Demolition of Progress School site	<u>84,350</u>	<u>-</u>	<u>84,350</u>	November 2015
	\$ <u>130,567</u>	\$ <u>-</u>	\$ <u>130,567</u>	

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease and Management Agreements

On August 6, 2013, the City leased a mail machine from F.P. Mailing Solutions for \$125 per month. The lease is a 63-month lease, through November 6, 2018.

The City also entered into an airport management agreement with Candy Aerotech Services. Under terms of the month-to-month agreement, monthly payments of \$1,000 are due.

Commitments as of September 30, 2015, are as follows:

2016	\$ 1,500
2017	1,500
2018	1,500
2019	<u>250</u>
Total	<u>\$ 4,750</u>

Rent expense totaled \$13,500 for the year ended September 30, 2015.

Commitments of Keno Funds

The City has made a commitment to pay Kenfield Petrified Wood Gallery keno funds of \$100,000 in five annual installments of \$20,000. The first payment was made in November 2011. At September 30, 2015, one installment remained to be paid.

The City has also agreed to use keno funds to match the private fundraising efforts of the Goodall Recreation Center expansion project. Keno funds will be used to repay the \$300,000 loan to Pinnacle Bank detailed in Note C6.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2015:

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
Keith County	7/1/15 – 6/30/16	911 and emergency management services
Village of Brule	2/1/02 – until terminated	Operation of Brule’s municipal wastewater/water system
Ogallala Rural Fire Protection District	2/28/06 – until terminated	Fire protection
Ogallala Rural Fire Protection District	2/28/07 – until terminated	Ambulance service
Keith County	9/26/06 – until terminated	Emergency Management Operations and Public Safety Answering Point
West Central Nebraska Development District	Perpetual – 30 day termination notice	Planning and Development District
Ogallala Public Schools	9/11/07 – until terminated	Water/Sewer Services
Keith County	10/9/07 – until terminated	Financial Support of the Ogallala Airport, Searle Field
Keith County	9/8/09 – until terminated	Sharing of respective Zoning Administrator & Building Inspector Services
Keith County	10/1/09 - until terminated	Keith County Emergency Response Team
Ogallala Rural Fire Protection District	12/28/10 - 11/15/15	Purchase Rescue Truck
Southwest Mutual Aid First District	1/1/13 - 12/31/17	Mutual Aid for Fire/Emergency Services
Ogallala Rural Fire Protection District	3/1/15 – 2/28/16	Mutual cooperation and assistance
Keith County	5/27/03 – until terminated	Animal impound
Community Redevelopment Authority	10/1/14 – 9/30/15	Develop and improve economic and living conditions within blighted and substandard areas in the City
Villages of Brule and Paxton and Keith County	11/5/91 – until terminated	Operate a lottery
Villages of Brule and Paxton and Keith County	11/15/00 – until terminated	Loan out CDBG Economic Development Reuse Funds
Community Redevelopment Authority	12/13/05 – until terminated	Executive Director Services

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2015

NOTE D – OTHER NOTES, continued

4. Interlocal Agreements, continued

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
Keith County	3/17/04 – until terminated	Burial of indigent persons
Keith County	11/23/04 – until terminated	Equipment Sharing
Keith County	6/11/13 – Perpetual – 30 day written notice	Responsible Charge individual qualified under Federal law for administration of Federal aid projects
School District #001 of Keith County	4/1/14 - 4/1/16	Use of Collister Park for School Athletic practices

5. Related Party Transactions

The City purchased parts, supplies and a mower from Rankin Sales & Services, a business owned by a Council member. The City also paid \$13,615 to West Central Nebraska Development District (WCNDD). One of the Council members is executive director of WCNDD.

6. Subsequent Events

Management has evaluated subsequent events through November 18, 2015, the date on which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

CITY OF OGALLALA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
GENERAL FUND**

Year ended September 30, 2015

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 892,382	\$ 904,960	\$ 12,578
Sales tax	947,186	1,039,300	92,114
Franchise	1,027,185	1,004,754	(22,431)
Intergovernmental	155,365	160,276	4,911
Grants	874,445	209,513	(664,932)
Charges for services	715,896	671,400	(44,496)
Keno receipts	72,000	81,636	9,636
Contributions	25,750	17,065	(8,685)
Interest income	1,545	2,913	1,368
Sale of assets	7,000	29,000	22,000
Bond/loan proceeds	-	131,739	131,739
Other	41,300	43,163	1,863
Total resources	<u>4,760,054</u>	<u>4,295,719</u>	<u>(464,335)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government:			
Administrative	501,775	506,002	4,227
Community development	916,120	280,473	(635,647)
Planning	117,869	115,654	(2,215)
Total general government	<u>1,535,764</u>	<u>902,129</u>	<u>(633,635)</u>
Public safety:			
Fire	207,874	185,941	(21,933)
Ambulance	227,503	143,978	(83,525)
Police	1,091,286	1,069,254	(22,032)
Total public safety	<u>1,526,663</u>	<u>1,399,173</u>	<u>(127,490)</u>
Public works:			
Cemetery	149,105	148,405	(700)
Environment and leisure:			
Airport	480,430	588,156	107,726
Library	274,434	257,438	(16,996)
Park	415,257	399,828	(15,429)
Recreation center	305,788	309,328	3,540
Pool	124,647	146,434	21,787
Total environment and leisure	<u>1,600,556</u>	<u>1,701,184</u>	<u>100,628</u>
Total charges to appropriations	<u>4,812,088</u>	<u>4,150,891</u>	<u>(661,197)</u>
Resources over (under) charges to appropriations	(52,034)	144,828	196,862
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Resources over (under) charges to appropriations and other financing uses	<u>\$ (292,034)</u>	<u>\$ (95,172)</u>	<u>\$ 196,862</u>

CITY OF OGALLALA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
STREET FUND**

Year ended September 30, 2015

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ -	\$ 2,218	\$ 2,218
Motor vehicle	92,000	98,263	6,263
Sales tax	210,000	144,137	(65,863)
Franchise	145,000	141,517	(3,483)
Intergovernmental	634,543	623,224	(11,319)
Charges for services	2,200	23,834	21,634
Sale of assets	-	4,500	4,500
Bond proceeds	1,845,000	1,817,624	(27,376)
Other	-	1,177	1,177
	<hr/>	<hr/>	<hr/>
Total resources	2,928,743	2,856,494	(72,249)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Street operations and maintenance	990,594	760,098	(230,496)
Capital outlay	2,076,122	2,054,957	(21,165)
Principal payments on debt	-	96,461	96,461
Interest on long-term debt	-	12,809	12,809
Bond fees	-	2,453	2,453
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,066,716	2,926,778	(139,938)
Resources over (under) charges to appropriations	<u>\$ (137,973)</u>	<u>\$ (70,284)</u>	<u>\$ 67,689</u>

CITY OF OGALLALA, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
DEBT SERVICE FUND**

Year ended September 30, 2015

	<u>Budget (Original)</u>	<u>Budget (Final)</u>	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)				
Property tax	\$ 175,500	\$ 175,500	\$ 195,628	\$ 20,128
Intergovernmental	134,428	134,428	60,413	(74,015)
Bond proceeds	990,000	2,520,000	2,356,076	(163,924)
Interest income	<u>350</u>	<u>350</u>	<u>385</u>	<u>35</u>
Total resources	1,300,278	2,830,278	2,612,502	(217,776)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	400	400	363	(37)
Principal payments on debt	1,424,960	2,954,960	2,802,927	(152,033)
Interest payments on debt	114,063	114,063	81,425	(32,638)
Bond fees	<u>300</u>	<u>300</u>	<u>30,983</u>	<u>30,683</u>
Total charges to appropriations	<u>1,539,723</u>	<u>3,069,723</u>	<u>2,915,698</u>	<u>(154,025)</u>
Resources over (under) charges to appropriations	(239,445)	(239,445)	(303,196)	(63,751)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>240,000</u>	<u>240,000</u>	<u>85,842</u>	<u>(154,158)</u>
Resources over (under) charges to appropriations and other financing sources	<u><u>\$ 555</u></u>	<u><u>\$ 555</u></u>	<u><u>\$ (217,354)</u></u>	<u><u>\$ (217,909)</u></u>

CITY OF OGALLALA, NEBRASKA

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2015

	Special Revenue Funds			
	Hospital Community Improvement Fund	Action/ RSVP Fund	Public Transportation Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 72,180	\$ 16,888	\$ 90,281	\$ 179,349
LIABILITIES AND FUND BALANCES				
Fund balances:				
Restricted for:				
Debt service	\$ 72,180	\$ -	\$ -	\$ 72,180
Federal programs	-	16,888	90,281	107,169
Total fund balances	\$ 72,180	\$ 16,888	\$ 90,281	\$ 179,349

CITY OF OGALLALA, NEBRASKA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2015

	Special Revenue Funds			
	Hospital Community Improvement <u>Fund</u>	Action/ RSVP <u>Fund</u>	Public Transportation <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Taxes:				
Property	\$ -	\$ 11,508	\$ -	\$ 11,508
Sales tax	458,714	12,966	8,229	479,909
Franchise	-	12,507	28	12,535
Intergovernmental	-	1,192	-	1,192
Grants	-	16,499	110,440	126,939
Licenses, fees, and fines	7,895	-	-	7,895
Charges for services	-	-	34,877	34,877
Contributions	-	500	-	500
Other	-	74	580	654
Total revenues	466,609	55,246	154,154	676,009
EXPENDITURES				
General government	7,683	-	-	7,683
Environment and leisure	-	65,477	143,317	208,794
Other - Hospital debt service	453,365	-	-	453,365
Total expenditures	461,048	65,477	143,317	669,842
Net change in fund balances	5,561	(10,231)	10,837	6,167
Fund balances - September 30, 2014	66,619	27,119	79,444	173,182
Fund balances - September 30, 2015	\$ 72,180	\$ 16,888	\$ 90,281	\$ 179,349

CITY OF OGALLALA, NEBRASKA
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS

Year ended September 30, 2015

	General	Fire	Cemetery	Ambulance	Airport
REVENUES					
Taxes:					
General property tax	\$ 204,607	\$ 40,532	\$ 33,663	\$ -	\$ -
Sales tax	245,724	45,670	37,929	-	-
Franchise	239,434	44,038	36,581	-	-
Intergovernmental revenue:					
State assistance	22,571	4,195	3,484	-	-
Keith County	-	-	-	-	-
Rural Fire reimbursements	-	15,425	-	15,048	-
CRA reimbursement	-	-	-	-	-
Licenses, permits, and fines	19,273	335	-	-	1,600
Rental and fees	90,140	6,584	35,196	118,620	175,880
Admission fees and concessions	-	-	-	-	-
Grants	-	-	-	10,854	195,596
Keno receipts	-	-	-	-	-
Contributions	-	-	-	-	-
Interest income	2,655	-	111	-	-
Sale of assets	-	9,000	-	20,000	-
Bond/loan proceeds	-	-	-	-	131,739
Other revenues	11,680	1,777	147	1	3
Total revenues	<u>836,084</u>	<u>167,556</u>	<u>147,111</u>	<u>164,523</u>	<u>504,818</u>
EXPENDITURES					
Personnel services:					
Salaries and benefits	416,137	16,721	105,432	15,408	4,610
Operating expenses:					
Insurance	7,630	8,228	2,983	6,163	12,294
Contracted services	14,787	17,853	939	40,919	114,977
Professional fees	12,094	2,555	520	2,685	826
Meetings, seminars, and dues	17,125	6,784	750	4,881	4,336
Transportation	451	1,820	5,689	2,101	436
Repairs and maintenance	1,854	16,348	4,339	2,308	36,976
Printing, postage, and publications	3,058	61	174	151	83
Utilities and telephone	13,871	7,974	5,312	888	11,308
Total operating expenses	<u>70,870</u>	<u>61,623</u>	<u>20,706</u>	<u>60,096</u>	<u>181,236</u>
Supplies	7,727	21,579	6,817	13,547	1,196
Community development grants	-	-	-	-	-
Other expenses	11,268	-	7,750	-	-
Capital outlay	-	25,161	7,700	-	221,363
Debt service:					
Principal	-	55,348	-	49,954	177,354
Interest	-	5,509	-	4,973	2,397
Total expenditures	<u>506,002</u>	<u>185,941</u>	<u>148,405</u>	<u>143,978</u>	<u>588,156</u>
Excess (deficiency) of revenues over expenditures	330,082	(18,385)	(1,294)	20,545	(83,338)
OTHER FINANCING SOURCES (USES)					
Transfers out	(240,000)	-	-	-	-
Net change in fund balances	<u>\$ 90,082</u>	<u>\$ (18,385)</u>	<u>\$ (1,294)</u>	<u>\$ 20,545</u>	<u>\$ (83,338)</u>

Recreation Center	Pool	Park	Library	Community Development	Planning	Police	Total
\$ 32,098	\$ 23,383	\$ 138,282	\$ 76,092	\$ 11,595	\$ 13,804	\$ 330,904	\$ 904,960
36,166	26,346	155,806	85,735	17,533	15,554	372,837	1,039,300
34,918	25,399	150,206	82,673	16,937	15,028	359,540	1,004,754
3,322	2,420	14,312	7,876	1,610	1,429	34,249	95,468
-	-	-	15,500	-	-	-	15,500
-	-	-	-	-	-	-	30,473
-	-	-	-	18,835	-	-	18,835
-	-	-	927	-	22,644	38,076	82,855
-	720	580	-	315	-	-	428,035
113,805	46,705	-	-	-	-	-	160,510
-	-	-	1,452	1,611	-	-	209,513
-	-	-	-	81,636	-	-	81,636
3,750	-	4,061	-	9,254	-	-	17,065
121	-	-	-	26	-	-	2,913
-	-	-	-	-	-	-	29,000
-	-	-	-	-	-	-	131,739
19,113	102	273	429	-	105	9,533	43,163
<u>243,293</u>	<u>125,075</u>	<u>463,520</u>	<u>270,684</u>	<u>159,352</u>	<u>68,564</u>	<u>1,145,139</u>	<u>4,295,719</u>
154,687	80,483	152,594	177,103	(144)	77,027	774,198	1,974,256
9,324	2,530	5,606	6,282	2,562	1,109	12,801	77,512
9,013	3,047	9,213	7,655	153,107	975	166,656	539,141
733	363	1,270	2,833	992	879	917	26,667
1,418	1,859	586	400	58,943	1,103	3,870	102,055
156	89	6,461	11	-	844	14,223	32,281
28,858	18,382	89,707	1,487	1,093	377	14,997	216,726
493	193	358	1,145	2	508	2,236	8,462
65,083	19,379	60,032	12,341	3,045	993	13,099	213,325
<u>115,078</u>	<u>45,842</u>	<u>173,233</u>	<u>32,154</u>	<u>219,744</u>	<u>6,788</u>	<u>228,799</u>	<u>1,216,169</u>
15,318	17,262	30,077	5,531	798	285	13,678	133,815
-	-	-	-	23,349	-	-	23,349
13,560	2,847	2,750	42,650	-	31,554	16,816	129,195
-	-	41,174	-	-	-	28,045	323,443
9,718	-	-	-	29,082	-	7,019	328,475
967	-	-	-	7,644	-	699	22,189
<u>309,328</u>	<u>146,434</u>	<u>399,828</u>	<u>257,438</u>	<u>280,473</u>	<u>115,654</u>	<u>1,069,254</u>	<u>4,150,891</u>
(66,035)	(21,359)	63,692	13,246	(121,121)	(47,090)	75,885	144,828
-	-	-	-	-	-	-	(240,000)
<u>\$ (66,035)</u>	<u>\$ (21,359)</u>	<u>\$ 63,692</u>	<u>\$ 13,246</u>	<u>\$ (121,121)</u>	<u>\$ (47,090)</u>	<u>\$ 75,885</u>	<u>\$ (95,172)</u>

SINGLE AUDIT REPORTS

CITY OF OGALLALA, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>		
Passed Through the Nebraska Department of Roads: Public Transportation for Non-urbanized Areas	20.509	\$ 70,056
Passed Through the Nebraska Department of Aeronautics: Airport Improvement Program	20.106	<u>193,461</u>
Total U.S. Department of Transportation		<u>263,517</u>
<u>Corporation for National and Community Service</u>		
Retired and Volunteer Senior Program	94.002	16,499
<u>Environmental Protection Agency</u>		
Passed Through the Nebraska Department of Environmental Quality		
Capitalization Grants for Drinking Water-SRF	66.468	<u>1,035,003</u> *
Total Expenditures of Federal Awards		<u><u>\$ 1,315,019</u></u>

* Major programs

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the City of Ogallala, Nebraska, and is presented on the cash basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
Terry T. Galloway
Marcy J. Luth
Heidi A. Ashby
Christine R. Shenk
Michael E. Hoback
Joseph P. Stump

To the Members of the City Council
City of Ogallala, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis of the City of Ogallala, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated November 18, 2015. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Ogallala, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ogallala's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ogallala's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Ogallala's Response to Findings

The City of Ogallala's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Amquist, Malthgen,
Galloway & Luth, P.C.

Grand Island, Nebraska
November 18, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Members of the City Council
City of Ogallala, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the City of Ogallala, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City of Ogallala, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ogallala, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Ogallala, Nebraska's compliance.

SHAREHOLDERS

Robert D. Almquist
Phillip D. Maltzahn
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Joseph P. Stump

Opinion on Each Major Federal Program

In our opinion, the City of Ogallala, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Ogallala, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Amquist, Malthalm,
Galloway & Luth, P.C.

Grand Island, Nebraska
November 18, 2015

CITY OF OGALLALA, NEBRASKA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2015

1. A summary of auditors' results:
 - (i) An unmodified opinion was issued on the financial statements of the City of Ogallala, Nebraska, as of September 30, 2015.
 - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
 - (iii) The audit disclosed no instances of noncompliance which are material to the financial statements of the City of Ogallala, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Ogallala, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §___.510(a).
 - (vii) Major Programs: #66.468 – Capitalization Grants for Drinking Water - SRF.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (ix) The City of Ogallala, Nebraska, did not qualify as a low-risk auditee under §___.530.
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2015-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.
3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §___.510(a).

None

CITY OF OGALLALA, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended September 30, 2015

There were no prior audit findings for the year ended September 30, 2014.